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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MARC SPITZER, Chairman
JIM IRVIN
WILLIAM MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON

Arizona Corporation Commission
DOCKETED

JUL 14 2003

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AZ CORP COMMISSION
DOCUMENT CONTROL

DOCKETED BY *[Signature]*

IN THE MATTER OF THE APPLICATION OF
GRAHAM COUNTY ELECTRIC COOPERATIVE,
INC. FOR A RATE INCREASE.

DOCKET NO. E-01749A-02-0701

IN THE MATTER OF THE APPLICATION OF
GRAHAM COUNTY ELECTRIC COOPERATIVE,
INC. FOR APPROVAL OF LONG-TERM DEBT.

DOCKET NO. E-01749A-02-0926

PROCEDURAL ORDER

BY THE COMMISSION:

On September 13, 2002, Graham County Electric Cooperative, Inc. ("GCE" or "Cooperative") filed with the Arizona Corporation Commission ("Commission") a rate application.

Pursuant to Procedural Order dated December 16, 2003, the matter was set for hearing on August 14, 2003, and the Utilities Division Staff ("Staff") filed testimony on May 21, 2003.

On December 26, 2002, GCE filed an application for approval of long-term debt. The Cooperative sought approval to borrow \$10.8 million from the National Rural Utilities Cooperative Finance Corporation ("CFC").

On March 3, 2003, Staff filed a Staff Report on the Finance Application and recommended that the Commission approve GCU to borrow \$7.0 million from the CFC. The Staff Report indicates that the Cooperative's rates prior to the pending rate application were insufficient to support the full financing request.

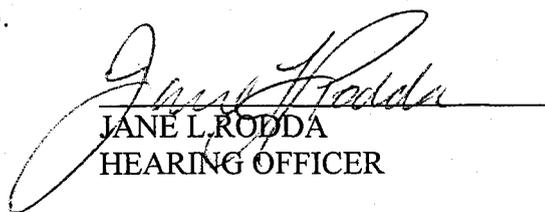
Given the inter-relationship between the financing and rate dockets, it may enhance administrative and judicial efficiency to consolidate the two matters. The Cooperative may be able to avoid filing an additional finance application in the near future. In light of Staff's recommendation concerning a rate increase and the Cooperative's ultimate desire to obtain approval for its original

1 financing request, Staff may want to be able to amend its March 3, 2003 Staff Report in light of the
2 pending rate application.

3 IT IS THEREFORE ORDERED that Staff shall file comments by July 18, 2003, on whether
4 it believes these matters should be consolidated and considered together at the August 14, 2003
5 hearing and whether Staff believes it would be in the public interest to amend its March 3, 2003 Staff
6 Report to reflect Staff's recommendations in the rate case.

7 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive
8 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

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10 DATED this 11th day of July, 2003.


JANE L. RODDA
HEARING OFFICER

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14 Copies of the foregoing mailed
15 this 11th day of July, 2003 to:

16 Russ Barney
17 Graham County Electric Cooperative, Inc.
18 Post Office Drawer B
19 Pima, Arizona 85543

20 Christopher Kempley, Chief Counsel
21 LEGAL DIVISION
22 Arizona Corporation Commission
23 1200 W. Washington Street
24 Phoenix, Arizona 85007

25 Ernest Johnson, Director
26 Utilities Division
27 Arizona Corporation Commission
28 1200 W. Washington Street
Phoenix, Arizona 85007

By: 